

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7334

BILL NUMBER: HB 1911

DATE PREPARED: Feb 21, 2001

BILL AMENDED: Feb 20, 2001

SUBJECT: Local Telephone Exchanges.

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FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill prohibits a telephone company from:

- (1) reducing the size of the local calling area for any of its customers; or
- (2) offering its customers the option of having a reduced local calling area, regardless of whether it offers lower rates for service in return.

The bill requires a telephone company to submit to the Indiana Utility Regulatory Commission (IURC) an annual report that includes:

- (1) a description of any improvements to the service provided by the telephone company as a result of technological or industry advancements; and
- (2) a list of local calling areas that were expanded in territory during the period of the report.

The bill requires a telephone company to make a good faith effort to achieve the improvements required to be listed in the report. The bill prohibits the IURC from approving a rate increase to cover a telephone company's expenses in complying with this law.

The bill repeals a provision that refers to a monthly rate structure for local exchange telephone service based on usage.

Effective Date: July 1, 2001.

Explanation of State Expenditures: (Revised) This bill is expected to minimal impact on the IURC and the Office of Utility Consumer Counselor. Any additional administrative costs are expected to be absorbed using existing staff and resources.

Explanation of State Revenues: (Revised) The Indiana Utility Regulatory Commission and the Office of

the Utility Consumer Counselor are funded by public utilities. The annual fee charged to utilities is based on the budgets of these two agencies. At the end of the fiscal year, if the total public utility fees in the Public Utility Fund plus the unspent balance of the Fund exceeds the total appropriations for the IURC and the OUCC (plus a \$250,0000 contingency fund), then the IURC must compute each utility's share of the excess. This share is then deducted from any subsequent payment of the utility's public utility fees. In FY 2000, public utility fines and fees generated \$8,053,986.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana Utility Regulatory Commission; Office of the Utility Consumer Counselor.

Local Agencies Affected:

Information Sources: